



## OVERVIEW OF LAWS AND REGULATIONS

### Expedited Funds Availability Act

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#### **Expedited Funds Availability Act (Regulation CC)**

##### Executive Summary:

Regulation CC requires depository institutions to make funds deposited into transaction accounts available for withdrawal by depositors according to specified schedules based on the type and source of the deposit. It applies to transaction accounts, such as demand deposit or NOW accounts and includes both consumer and corporate accounts; it does not extend to savings deposits, including time deposits and money market deposit accounts. The regulation also requires that an institution provide certain disclosures and notices to potential and existing customers concerning its funds availability policies. The institution is permitted to delay the availability of funds in certain circumstances in order to reduce risk based on the size of the deposit, past performance of the depositor, lack of depositor performance history, or belief that the deposit may not be collectible. Delays may also be imposed on a case-by-case basis as described in the regulation. Funds deposited into interest bearing accounts must begin to accrue interest not later than the business day that the institution receives credit for the funds. Finally, the regulation establishes rules to speed the collection and return of checks.

##### Business Areas Impacted:

- New Accounts
- Teller Operations
- Deposit Operations/Processing
- Customer Service



## Expedited Funds Availability Act

### Highlights:

REQUIREMENTS/RECOMMENDATIONS	TIME FRAME	DOCUMENT, RECORD OR REPORT
<p>Policy/Procedures</p> <p>Adopt policy for implementing Regulation CC including a summary of the institution's funds availability schedule, a description of circumstances that may result in delays in the availability of funds from certain types of deposits or checks, the time that funds are considered deposited, and the time that the business day starts. Establish procedures that ensure the institution's compliance with all regulatory requirements.</p>	Continuing	<p>Policy Statement</p> <p>Written Procedures</p>
<p>Funds Availability Policy</p> <p>Prepare the institution's Specific Availability Policy Disclosure and distribute (1) to potential customers prior to opening a new transaction account or (2) to any person upon request.</p> <p>Describe the institution's policy as to when funds deposited in an account are available for withdrawal, including situations in which longer delays may be imposed on a case-by-case basis or by invoking one of the exceptions in Section 229.13.</p> <p>Disclosures must be clear and conspicuous, in a form that customers may keep and should follow the guidelines set forth in Section 229.16 as to specific content.</p> <p>Ensure that funds are actually available to depositors in accordance with the regulation and the institution's policy and procedures.</p>	Continuing  Provide disclosures prior to opening a new account or on request.	<p>Specific Availability Policy</p> <p>Disclosure Form</p>



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REQUIREMENTS/RECOMMENDATIONS	TIME FRAME	DOCUMENT, RECORD OR REPORT
<p>Notice of Changes in Availability Policy</p> <p>Provide notices to existing holders of consumer accounts either prior to, or in some cases, after implementing a change to the availability policy regarding such accounts, as appropriate.</p>	<p>At least 30 days before implementing the change, or within 30 days after implementing a change resulting in faster availability.</p>	<p>Notice of Change</p>
<p>Notice of Funds Availability</p> <p>Ensure proper notices are provided on deposit slips, at teller areas, and at ATM locations, as provided in Section 229.18(a), (b) and (c).</p>	<p>Continuing</p>	<p>Notice (To be posted or included as part of deposit slips, as appropriate).</p>
<p>Case-by-Case Holds</p> <p>Provide appropriate written notice when case-by-case holds are placed on deposited funds, including information regarding:</p> <ol style="list-style-type: none"> <li>1. Customer account number;</li> <li>2. Date and amount of deposit;</li> <li>3. Amount of deposit being delayed; and</li> <li>4. Date funds will be available for withdrawal.</li> </ol> <p>Adhere to rules concerning overdraft and returned-check fees as provided in Section 229.16(c)(3).</p>	<p>Provide notices at time of deposit or mail/deliver by next business day, as appropriate.</p> <p>Delays in funds availability may extend up to the time periods allowed under the regulation.</p>	<p>Notice of Case-by-Case Hold</p>
<p>Exception Holds</p> <p>Provide appropriate written notice when exception holds are placed on deposited funds. (Exception holds, described in Section 229.13, include: large deposits, repeated overdrafts, reasonable cause to doubt collectibility, and emergency conditions as described in the regulation.)</p> <p>The notice to the depositor should include the following information:</p>	<p>Provide notice at time of deposit or mail/deliver by next business day following the day the facts become known to the institution or the deposit is made (whichever is later).</p> <p>Delays in funds availability may extend a "reasonable time" be-</p>	<p>Notice of Exception Hold</p>



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<ol style="list-style-type: none"> <li>1. Customer account number;</li> <li>2. Date and amount of deposit;</li> <li>3. Amount of deposit being delayed;</li> <li>4. Reason exception was invoked; and</li> <li>5. Time period within which the funds will be available for withdrawal (unless certain emergency conditions apply).</li> </ol>	beyond the availability schedule as described in the regulation (See Section 229.13(h)).	
<p><b>New Account Holds</b></p> <p>Holds may be placed on certain types of funds deposited into new accounts, as described in Section 229.13(a).</p>	Account is considered new during first 30 calendar days after account is established.	Referenced in the Specific Availability Policy Disclosure Form if it reflects institution policy. No separate notice form necessary.
<p><b>Notices Involving One-Time Exception and Repeated Overdrafts</b></p> <p>One-time notices may be provided for exceptions based on large deposits or redeposited checks, under certain circumstances and special notices covering specific time periods may be provided for exceptions based on repeated overdrafts. (See Section 229.13(g)(2) and (3))</p>	Provide notice at or prior to the time notice must be provided for exception holds generally, as described in Section 229.13(g).	Notice
<p><b>Payment of Interest</b></p> <p>Interest on funds deposited into an interest-bearing account must begin to accrue not later than the business day on which the depository institution receives credit for the funds. (See Section 229.14)</p>	At or prior to the business day that provisional credit is received.	Accounting/Operations  Procedural Guidelines
<p><b>Training</b></p> <p>Provide training to all employees who perform duties subject to the requirements of the regulation. Communicate policy and procedures to staff.</p>	Continuing	<p>Policies and Procedures</p> <p>Curriculum</p> <p>Training Materials</p>



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REQUIREMENTS/RECOMMENDATIONS	TIME FRAME	DOCUMENT, RECORD OR REPORT
<p>Monitoring</p> <p>Establish and implement standards and controls to supervise accurate execution of procedures and systems.</p>	Continuing	Regular supervisory reports
<p>Self Evaluation</p> <p>Establish and execute an internal review program emphasizing periodic self-assessment reviews to ensure compliance with regulatory obligations and institution standards.</p>	Per Risk Schedule	Compliance Management Program
<p>Institution as Paying, Returning or Depository Bank</p> <p>Ensure the institution's adherence to its responsibilities as a paying, returning, or depository bank under Subpart C of the regulation.</p>	Continuing	Written Procedures
<p>Record Retention</p> <p>Retain evidence of compliance with the regulation, including documentation which supports "reasonable cause" holds.</p>	Retain for at least two years.	<p>Appropriate documentation which demonstrates compliance.</p> <p>Record Retention Guidelines</p>
<p>Updating</p> <p>Update policies, procedures, disclosures, and notices as necessary to reflect changes to the regulation, internal systems or c operations/processes. Ensure effective communication and distribution of updated material to all levels of personnel.</p>	Continuing	All affected documentation



## Expedited Funds Availability Act

Table 1 illustrates maximum availability time for local and nonlocal checks permitted under Regulation CC (adapted from Appendix C of the Regulation).

**Table 1**

<b>FIRST FOUR DIGITS FROM ROUTING NUMBER</b>	<b>WHEN FUNDS ARE AVAILABLE</b>	<b>WHEN FUNDS ARE AVAILABLE IF A DEPOSIT IS MADE ON A MONDAY</b>
Local numbers	\$100 on the first business day after the day of your deposit.  Remaining funds on the second business day after the day of your deposit.	Tuesday  Wednesday
All other numbers	\$100 on the first business day after the day of your deposit.  Remaining funds on the fifth business day after the day of your deposit.	Tuesday  Monday of the following week

### Notes to Table 1:

Specific rules apply to treasury checks, postal money orders, checks drawn on a Federal Reserve Bank or a Federal Home Loan Bank, state or local government check, or cashier's/certified/teller's checks as provided in Sections 229.10 and 229.12.

An institution may extend by one business day the time that funds deposited in an account (whether by local or nonlocal checks) are available for withdrawal by cash or similar means, so long as at least \$400 (in addition to the \$100) of such funds are available for withdrawal by cash or similar means not later than 5:00 p.m. on the business day that funds are available as provided in the table above. [Section 229.12(d)]

An institution may allow a one business day extension in the case of (i) deposits made in an account at a branch office located in Alaska, Hawaii, Puerto Rico, or the U.S. Virgin Islands and (ii) deposits made by a check drawn on or payable at or through a paying institution not located in the same state as the depository institution. [Section 229.12(e)]


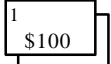
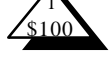


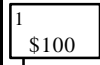






Funds deposited in an account at a nonproprietary ATM by cash or check must be available for withdrawal not later than the fifth business day following the banking day on which the funds are deposited. [Section 229.12(f)]



## Expedited Funds Availability Act

Table 2 illustrating availability of different types of checks deposited on separate days, under the permanent schedules.

**Table 2**

Monday (Day 0)	Tuesday (Day 1)	Wednesday (Day 2)	Thursday (Day 3)	Friday (Day 4)	Monday (Day 5)	Tuesday (Day 6)	Wednesday (Day 7)	Thursday (Day 8)
Nonlocal 	 		Local 	 	 		  	Deposit Cash Withdrawals Check Writing

- <sup>1</sup> The first \$100 of a day's deposit must be made available for either cash withdrawal or check writing purposes at the start of the next business day § 229.10(c)(1)(vii).
- <sup>2</sup> Local checks must be made available for check writing purposes by the second business day following deposit § 229.12(b).
- <sup>3</sup> Nonlocal checks must be made available for check writing purposes by the fifth business day following deposit § 229.12(c).
- <sup>4</sup> \$400 of the deposit must be made available for cash withdrawal no later than 5:00 p.m. on the day specified in the schedule. This is in addition to the \$100 that must be made available on the business day following deposit § 229.12(d).
- <sup>5</sup> The remainder of the deposit must be made available for cash withdrawal at the start of business the following day § 229.12(d).



## Expedited Funds Availability Act

Table 3, illustrates the necessary conditions for next day availability for various types of deposits under Section 229.10.

**Table 3**

	<b>CHECK MUST BE DEPOSITED IN AN ACCOUNT OF A PAYEE.</b>	<b>DEPOSIT MUST BE MADE IN PERSON TO A BANK EMPLOYEE. OTHERWISE, 2ND DAY AVAILABILITY.</b>	<b>INSTITUTION CAN REQUIRE USE OF A SPECIAL DEPOSIT SLIP.</b>	<b>IN-STATE ITEM OR CHECK DRAWN ON A BANK BRANCH IN THE SAME STATE OR CHECK PROCESSING REGION.</b>
Cash		X		
Electronic pay- ments				
Treasury checks	X			
Postal money orders	X	X		
FRB/FHLB checks	X	X		
State and local gov't checks	X	X	X	X
Cashier's/certified/ teller's checks	X	X	X	
"On-us checks"				X
First \$100 of other check deposits				